

SPECIAL NOTICE

NOTICE OF CORRECTION

On Wednesday, April 16, 2003 the Office of Mineral Resources on behalf of the State Mineral Board advertised in the Notice of Publication for receipt of sealed bids on or before **12:00 noon on Tuesday, June 10, 2003**, for State Leases to be awarded upon **Tract Nos. 35476 through 35512**, inclusive at its **June 11, 2003** Lease Sale. Within said advertisement certain notes for **Tract No. 35508, Terrebonne Parish, Louisiana** and **Tract Nos. 35511 through 35512, St. Mary Parish, Louisiana** were omitted. By virtue of this public notice, said notes for said **Tract Nos. 35508, 35511 and 35512**, have been inserted and are hereby corrected as follows:

TRACT 35508 - Terrebonne Parish, Louisiana

A certain Tract of land, excluding the beds and bottoms of all navigable waters, belonging to and not presently under mineral lease from Terrebonne Parish School Board on June 11, 2003, being more fully described as follows: Beginning at a point having Coordinates of X = 2,201,610.34 and Y = 273,072.70; thence South 82 degrees 26 minutes 58 seconds East a distance of 507.40 feet to a point having Coordinates of X = 2,202,113.35 and Y = 273,006.03; thence South 00 degrees 39 minutes 02 seconds West a distance of 388.00 feet to a point having Coordinates of X = 2,202,108.94 and Y = 272,618.05; thence North 87 degrees 02 minutes 58 seconds West a distance of 563.47 feet to a point having Coordinates of X = 2,201,546.21 and Y = 272,647.06; thence North 08 degrees 34 minutes 05 seconds East a distance of 430.45 feet to the point of beginning, containing approximately **5 acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. The description is based on information provided by the State Agency regarding location and ownership of surface and mineral rights. All distances, bearing and coordinates, if

applicable, are based on the Louisiana Coordinate System of 1927, (North or South Zone).

NOTE: The above description of the Tract nominated for lease has been provided and corrected, where required, exclusively by the nomination party. Any mineral lease selected from this Tract and awarded by the Louisiana State Mineral Board shall be without warranty of any kind, either express, implied, or statutory, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Should the mineral lease awarded by the Louisiana State Mineral Board be subsequently modified, cancelled or abrogated due to the existence of conflicting leases, operating agreements, private claims or other future obligations or conditions which may affect all or any portion of the leased Tract, it shall not relieve the Lessee of the obligation to pay any bonus due thereon to the Louisiana State Mineral Board, nor shall the Louisiana State Mineral Board be obligated to refund any consideration paid by the Lessor prior to such modification, cancellation, or abrogation, including, but not limited to, bonuses, rentals and royalties.

NOTE: A royalty payment less than twenty-five percent (25%) for an oil, gas and/or other liquid or gaseous hydrocarbon mineral lease for the above mentioned parcel of land will not be acceptable to the Terrebonne Parish School Board.

It is understood and agreed that if Lessee(s) or its successor or assign enters into and consummates an agreement to acquire, and does acquire, the oil and gas rights from owners or holders of a mineral interest in lands exceeding ten (10) contiguous acres in area and located within one (1) mile of the external boundaries of this Lease during a period of time commencing 180 days prior to the date of this lease and ending (a) ninety (90) days after the completion of a producing well on the leased premises or within one mile of the external boundary of the leased premises, or (b) the end of the primary term, whichever occurs first (hereinafter "Third Party Lease"), then it is agreed that Lessor herein shall be entitled to the same bonus, and/or rental and/or royalty as is paid to any other mineral owner under a Third Party Lease which is higher than the bonus, and/or rental and/or royalty (each to be compared individually and not collectively) paid or to be paid to the Lessor in accordance with those terms contained in this Lease. It is the intent of this Favored Nations Clause to ensure and require that Lessor receives a

bonus and/or rental and/or royalty that is commensurate with the highest of any bonus, rental or royalty which is paid by Lessee or its successors under any Third Party Lease, irrespective of whether some or all of said terms of the Third Party Lease may be less favorable than those provided in the Lease. Rather, Lessor may obtain the benefit of some or all of those terms under the Third Party Lease which Lessor, at its sole discretion, deems more favorable.

Within sixty (60) days of acquiring a Third Party Lease, Lessee shall notify Lessor in writing of each such lease and the terms thereof. At the option of Lessor, Lessee shall have thirty (30) days after receipt of such notice within which to execute a lease amendment, retroactive to the date of this Lease, in which Lessor and Lessee agree to any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor any higher bonus and/or rental and/or royalty, retroactive to the date of this Lease, within thirty (30) days after the execution of the lease amendment, but in no event later than 45 days after Lessor's receipt of Lessee's notice of the Third Party Lease.

"The failure of the Lessee to submit to the Lessor, at the office of the Terrebonne Parish School Board, for approval, the document intended to transfer, sublease, or assign any right or obligation of the Lessee under this lease, within sixty (60) days after the effective date of any such transfer sublease, or assignment, shall subject the Lessee to pay to the Lessor and damages the Lessor may suffer, but in no event shall such damages be deemed to be less than \$100.00 per day for each day the Lessee fails to submit any such document to the Lessor for approval."

In lieu of commencing operations for an offset well as above provided, Lessee may, at Lessee's option, commence compensatory payments equal to the royalties herein provided, computed on one-half (1/2) of the oil, gas, or other liquid or gaseous mineral produced by the well in question on and after the date operations would have otherwise been commenced, value to be determined in accordance with the provisions of Article 6 of this lease. Such payments may be commenced on or before sixty (60) days after the date operations would otherwise have been commenced, but shall include compensatory payments accrued from the date of initial production of the well in question. Thereafter, payments shall be due monthly in

accordance with Article 6 (g). Lessee shall not be in default in either commencing compensatory payments or in making further payments as above provided if despite due diligence Lessee is unable timely to obtain the production information on which such payments are to be based. In any such case, however, Lessee must on or before the due date of the payments, notify the Board in writing of Lessee's inability to make such payment, the reasons therefor, and Lessee's intent to make such payment at the earliest reasonable time. Compensatory payments may be continued, at Lessee's discretion, for not more than one year from the date on which offset operations would otherwise have been commenced. At the end of that time, or within thirty (30) days from the end of any lesser period for which payments are made, Lessee shall comply with this offset obligation if the producing well continues to produce in paying quantities or to produce its allowable and the other conditions making this obligation operative are existent. The right to make compensatory payments is intended to permit Lessee to evaluate further the producing well, and the making of such payments shall not of itself be sufficient to maintain this lease if the lease is not otherwise being maintained in force and effect; however, the making of any such payments shall not prejudice Lessee's right to rebut any of the above enumerated presumptions.

NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this lease by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the Department of Natural Resources, its Offices or Commissions, as herein above reserved.

NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from the State of Louisiana may necessarily be conducted in conformity with the rules and

regulations promulgated by the said Department of Wildlife and Fisheries for Oyster Seed Bed Areas.

TRACT 35511 - St. Mary Parish, Louisiana

A portion of all lands located above the mean high water mark, together with lands now or formerly constituting the beds and bottoms of any water body of whatever description or nature belonging to the State of Louisiana which is now located within the boundaries of the Atchafalaya Delta Wildlife Management Area and not presently under mineral lease by the State of Louisiana on June 11, 2003, and more particularly located as follows: Beginning at a point on the West line of Block 13, Eugene Island Area, Revised, having Coordinates of X = 1,937,341.00 and Y = 265,000.00; thence East 12,358.10 feet to a point on the East line of said Block 13 having Coordinates of X = 1,949,699.10 and Y = 265,000.00; thence South 7,801.89 feet on the East line of said Block 13 to a point having Coordinates of X = 1,949,699.10 and Y = 257,198.11; thence Northwesterly on a straight line to a point on the West line of said Block 13 having Coordinates of X = 1,937,341.00 and Y = 261,513.77; thence North 3,486.23 feet along the West line of said Block 13 to the point of beginning, containing approximately **1,601.24 acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927, (South Zone).

NOTE: The above description of the Tract nominated for lease has been provided and corrected, where required, exclusively by the nomination party. Any mineral lease selected from this Tract and awarded by the Louisiana State Mineral Board shall be without warranty of any kind, either express, implied, or statutory, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Should the mineral lease awarded by the Louisiana State Mineral Board be subsequently modified, cancelled or abrogated due to the existence of conflicting leases, operating agreements, private claims or other future obligations or conditions which may affect all or any portion of the leased Tract, it shall not relieve the Lessee of the obligation to pay any bonus due thereon to the Louisiana State Mineral Board, nor shall the Louisiana State Mineral Board be obligated to refund any consideration paid by the Lessor prior to such modification, cancellation, or abrogation, including, but not limited to, bonuses, rentals and royalties.

NOTE: The above described tract may be in the vicinity of existing shell reefs where drilling and dredging operations must be conducted in strict conformity with the regulations adopted by the Louisiana Department of Wildlife and Fisheries and/or the U.S. Corps of Engineers, U.S. Army.

NOTE: The mineral lease is located in the Atchafalaya Delta WMA under the jurisdiction of the Louisiana Department of Wildlife and Fisheries which has promulgated rules and regulations for the protection of game and wildlife on the aforesaid Tract and, therefore, shall be subject to said rules and regulations, a copy of which shall be attached to the mineral lease. In addition to the specific rules and regulations applicable, the following shall apply regarding operations under this mineral lease:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed project features including but not limited to access routes, spoil placement, well sites, flowlines and appurtenant structures may be required by the Department of Wildlife and Fisheries.
3. Compliance with the Atchafalaya Delta WMA regulations will be required unless otherwise specified by the Department of Wildlife and Fisheries.
4. Compensatory mitigation will be required to offset unavoidable wetland impacts.
5. Removal of all structures, facilities and equipment will be required within 120 days of abandonment unless otherwise agreed to in writing by the Department of Wildlife and Fisheries.
6. No activities will be allowed during the hunting season unless authorized by the Department of Wildlife and Fisheries.
7. Prior to submitting applications for wetland permits to Federal and State permitting agencies, the leaseholder shall coordinate project details with the Department of Wildlife and Fisheries. Contact person for the Department will be Mike Windham at (504) 568-5886.

NOTE: The Department of Wildlife and Fisheries will require a minimum bonus of \$350.00 per acre and a minimum royalty of 25%.

NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of

surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this lease by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the Department of Natural Resources, its Offices or Commissions, as herein above reserved.

NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from the State of Louisiana may necessarily be conducted in conformity with the rules and regulations promulgated by the said Department of Wildlife and Fisheries for Oyster Seed Bed Areas.

TRACT 35512 - St. Mary Parish, Louisiana

A portion of all lands located above the mean high water mark, together with lands now or formerly constituting the beds and bottoms of any water body of whatever description or nature belonging to the State of Louisiana which is now located within the boundaries of the Atchafalaya Delta Wildlife Management Area and not presently under mineral lease by the State of Louisiana on June 11, 2003, and more particularly located as follows: Beginning at the Northwest corner of said Block 36 having Coordinates of X = 1,984,977.84 and Y = 245,895.42; thence East 7,500.00 along the North line of said Block 36 to its Northeast corner having Coordinates of X = 1,992,477.84 and Y = 245,895.42; thence Southeasterly on a straight line to a point having Coordinates of X = 1,993,420 and Y = 241,930; thence Northwesterly on a straight line to a point on the West line of said Block 36 having Coordinates of X = 1,984,977.84 and Y = 244,878.15; thence North 1,017.27 feet to the point of beginning, containing approximately **439.95 acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927, (South Zone).

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NOTE: The above described tract may be in the vicinity of existing shell reefs where drilling and dredging operations must be conducted in strict conformity with the regulations

adopted by the Louisiana Department of Wildlife and Fisheries and/or the U.S. Corps of Engineers, U.S. Army.

NOTE: The mineral lease is located in the Atchafalaya Delta WMA under the jurisdiction of the Louisiana Department of Wildlife and Fisheries which has promulgated rules and regulations for the protection of game and wildlife on the aforesaid Tract and, therefore, shall be subject to said rules and regulations, a copy of which shall be attached to the mineral lease. In addition to the specific rules and regulations applicable, the following shall apply regarding operations under this mineral lease:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed project features including but not limited to access routes, spoil placement, well sites, flowlines and appurtenant structures may be required by the Department of Wildlife and Fisheries.
3. Compliance with the Atchafalaya Delta WMA regulations will be required unless otherwise specified by the Department of Wildlife and Fisheries.
4. Compensatory mitigation will be required to offset unavoidable wetland impacts.
5. Removal of all structures, facilities and equipment will be required within 120 days of abandonment unless otherwise agreed to in writing by the Department of Wildlife and Fisheries.
6. No activities will be allowed during the hunting season unless authorized by the Department of Wildlife and Fisheries.
7. Prior to submitting applications for wetland permits to Federal and State permitting agencies, the leaseholder shall coordinate project details with the Department of Wildlife and Fisheries. Contact person for the Department will be Mike Windham at (504) 568-5886.

NOTE: The Department of Wildlife and Fisheries will require a minimum bonus of \$350.00 per acre and a minimum royalty of 25%.

NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing,

constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this lease by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the Department of Natural Resources, its Offices or Commissions, as herein above reserved.

NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from the State of Louisiana may necessarily be conducted in conformity with the rules and regulations promulgated by the said Department of Wildlife and Fisheries for Oyster Seed Bed Areas.